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TAGS: [ELAB](#) [PBTS](#) [PGOV](#) [PREL](#) [SCUL](#) [SMIG](#) [TBIO](#) [SENV](#) [NS](#)
SUBJECT: SURINAME ILL-PREPARED ON EVE OF CSME

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Summary

¶1. In a special meeting on Saturday December 17, Suriname's Council of Ministers voted to remove all remaining legal restrictions to Suriname joining the CARICOM Single Market and Economy (CSME). This came exactly two weeks before the December 31 deadline set by CARICOM members five years ago to become CSME ready. While the Council's action is an encouraging sign, it has little immediate practical meaning given the need to make a variety of regulatory and even legislative changes, the scope of which are still being investigated, to remove all restrictions on the movement of goods, capital and people required by the CSME. Business organizations indicate skepticism that Suriname will actually meet the year-end deadline, noting not only government, but also businesses have work left to do to comply with the CSME. Both procedurally and in terms of a competitive business and investment mindset, Suriname is not CSME ready. The Council of Minister's grand gesture, unsupported by required associated procedures, is not unusual in Suriname, and undermines perceptions of regulatory transparency and effectiveness. End Summary.

The Politics

¶2. In a radio interview, Wanya Illes, head of the Caricom Bureau at the Ministry of Trade and Industry, told a reporter that Suriname has "only" 11 restrictions to remove. These relate to a variety of areas including professional licensing, transport and insurance regulations, and banking and foreign exchange laws, handled by no fewer than five action ministries and other official entities. Illes told the Embassy that not all restrictions require legislative action to be removed; some can be removed through presidential decrees that amend their manner of implementation. The remainder, though, will have to go through a State Council and National Assembly approval process, which is problematic for the government, not least because the State Council has yet to have all members appointed in wake of the inauguration of a new government in September. The National Assembly is already on holiday leave until next year and Paul Somohardjo, Speaker of the National Assembly, said that the Assembly can not be called back at this time for a special session. Somohardjo added that he would place the restrictions on the agenda early next year.

¶3. To further complicate the equation, not all of the

possible conflicts between CSME requirements and Surinamese law/regulation have even yet been identified. The CARICOM Bureau is currently going through the laws governing each ministry to identify other possible incompatibilities. An early overview of Suriname's Mining Law has already brought five potential problem issues to light, and as the process continues the Bureau expects to come across more. When asked what the consequences will be for Suriname if it does not meet the December deadline, one official stated that the only requirement will be that Suriname notifies CARICOM it will be late, and will deal with issues related to the movement of goods, services, and people "as they arise."

Business Perspective

¶4. Business organizations unanimously agree that Suriname is far from ready. Not only does the government have a lot of work to do, but so do Surinamese businesses, in particular manufacturers, only a few of whom have adapted production to international standards. Most, however, are confident that Surinamese businesses will eventually profit from the CSME, since they believe manufacturers here have demonstrated their ability to adapt to changing conditions over the last 20 to 30 years. Rahied Doekhi, member of the Manufacturers Association, told the media manufacturers are currently keeping afloat in a production unfriendly climate of uncertainty and excessive regulation, and will continue to deal well with the challenges thrown at them by the upcoming CSME. He compares the current situation with the situation manufacturers faced when Suriname joined CARICOM. The most important restriction his organization seeks is an elimination of a series of approval and statistical fees levied on all exports. These fees work against Surinamese manufacturers since they make export costs significantly higher compared to Trinidad and Guyana.

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¶5. Although generally positive on the eventual impact of the CSME, Robert Ameeralli, chairman of the Chamber of Commerce, is more subdued about the impending CSME deadline. Ameeralli states that a member nation does not prepare for a challenge like the CSME by simply synchronizing laws. According to Ameeralli, one of the most important issues will be to improve companies' ability to compete. Ameeralli reckons that some businesses will be unable to survive the increased competition. Survival will not only depend on policy support from the government, but on the flexibility of the business community. Ameeralli believes it is unclear what will happen after the debut of the CSME on January 1, but it is certain that if Suriname does not improve its business climate, foreign businesses will not come and local businesses will leave.

¶6. Reshma Radjie, policy coordinator of the Suriname Trade and Industry Association (STIA), shares Ameeralli's view. Radjie states that her organization has called repeatedly for the establishment of a Standards Bureau, an improved Investment Law, greater flexibility in firing employees, and accreditation of Surinamese education. Only when these issues have been dealt with will Suriname be ready for CSME. (Note: The standards law was passed in 2004, but no action was taken concerning the establishment of the Bureau. The investment law is currently under review before a commission made up of business and public officials. Terms for terminating employees, which are quite rigid under Surinamese law, have been raised in discussing the Government's minimum wage proposal. The Ministry of Education has been tasked with the establishment of an accreditation bureau, but no real progress has been made so far. End note.) Radjie also states that producers have not yet changed their frame of mind to produce for the CARICOM region. In preparation for the CSME, the STIA brought its members in contact with

CARICOM partners. STIA has also laid the groundwork for its members to receive both technological and financial assistance from Dutch companies to be better prepared to face regional competition. The sectors eligible to receive this support are the manufacturing companies, tourism related businesses, and wood and agriculture businesses.

Comment

[¶7.](#) Suriname is not ready for the CSME, notwithstanding the Council's December 17 decision. Based on recent comments by CARICOM Secretary General Edwin Carrington, Suriname is not alone among CARICOM members in its scrambling to reconcile laws. Suriname shares concern with other CARICOM members that the non-discrimination provision in Article 7 would override restrictions on foreign landholding, which is codified in Suriname's Constitution. Suriname has had at least five years to prepare for the CSME and hasn't done so, reflecting a distressing tendency to focus on deadlines shortly before they occur.

BARNES